

BUILDING BLOCKS FOR RETIREMENT

Retirement Planning Essentials

Have a Heart-to-Heart With Your Finances

Sound silly? After all, your financial information can't talk to you. Or can it?

Every account statement you receive is telling you something about the state of your finances. Depending on how your investments perform, you'll see an increase or a decrease in your investment account balances. If you've spent more of your savings than you intended, your savings account statement will show it.



Day to day, you may not be listening to every little thing your finances are saying. So, at least once a year, you and your financial information should sit down for a chat. Fall is the perfect time because summer's over, the kids are back to school, and the holiday bustle hasn't started yet. If you're ready to talk, these suggestions can break the ice.

Start the Discussion

Before you can assess your investing strategy and determine whether it's moving you closer to your goals, you'll want to review current information about your finances. Gather your most recent bank, investment, and retirement account statements, pay stubs, and a copy of last year's income tax return. Compiling a list of all your assets and liabilities -- including loans, savings, investments, and other debts -- will be helpful in your review.

Talk the Talk

Before you begin, think seriously about your ability to handle investment risk. Your tolerance for risk is an important consideration when you're reviewing your investment choices. If your investment time frame or goals have changed, your risk tolerance may have changed as well. Exposing your portfolio to too much risk may place your retirement savings in jeopardy, while holding too many "safe" investments may prevent you from reaching your goals.

Personality Plus

Conservative, moderate, or aggressive? Knowing the type of investor you are and the goals you've set for yourself can help you design an investment plan or determine if the one you've previously created is on track. If you already have a plan but your investments



aren't performing in line with comparable benchmark indexes, you may want to consider alternatives.

Changes in Your Life?

Changes in your personal circumstances -- such as marriage, divorce, the birth of a child, job loss, the death of a spouse, or even retirement -- may have an impact on your finances and your financial goals. You may need to make changes to your strategy to accommodate new goals, such as funding a child's college education, or to make up for a loss of income. Life events may also alter your life insurance needs, so conduct a policy review if your personal circumstances have changed.

The Same Page -- or Not?

You and your spouse may not have the same goals and expectations or agree on every financial issue. But talking about your differences can help you understand each other's viewpoint and make it easier to compromise. If a compromise isn't possible, consider keeping separate bank and investment accounts, in addition to a joint account, that reflect your individual risk tolerance and investing strategy.

The Health Factor

What does your health have to do with a financial review? A lot, actually. If you or your spouse were to become ill or disabled and unable to work, or one of you needed special care, where would the money come from to pay your expenses? Part of your financial review should include putting a plan in place to protect you from loss of income as a result of disability or illness. Beyond what your employer may provide, you may want to consider purchasing a long-term disability insurance policy and long-term care insurance or increasing any coverage you already have.

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